

MOST—Missouri's 529 College Savings Plan

Presented by Janet L. Kottman
Senior Institutional Relationship Manager

NOW IS THE TIME. MOST IS THE PLAN.

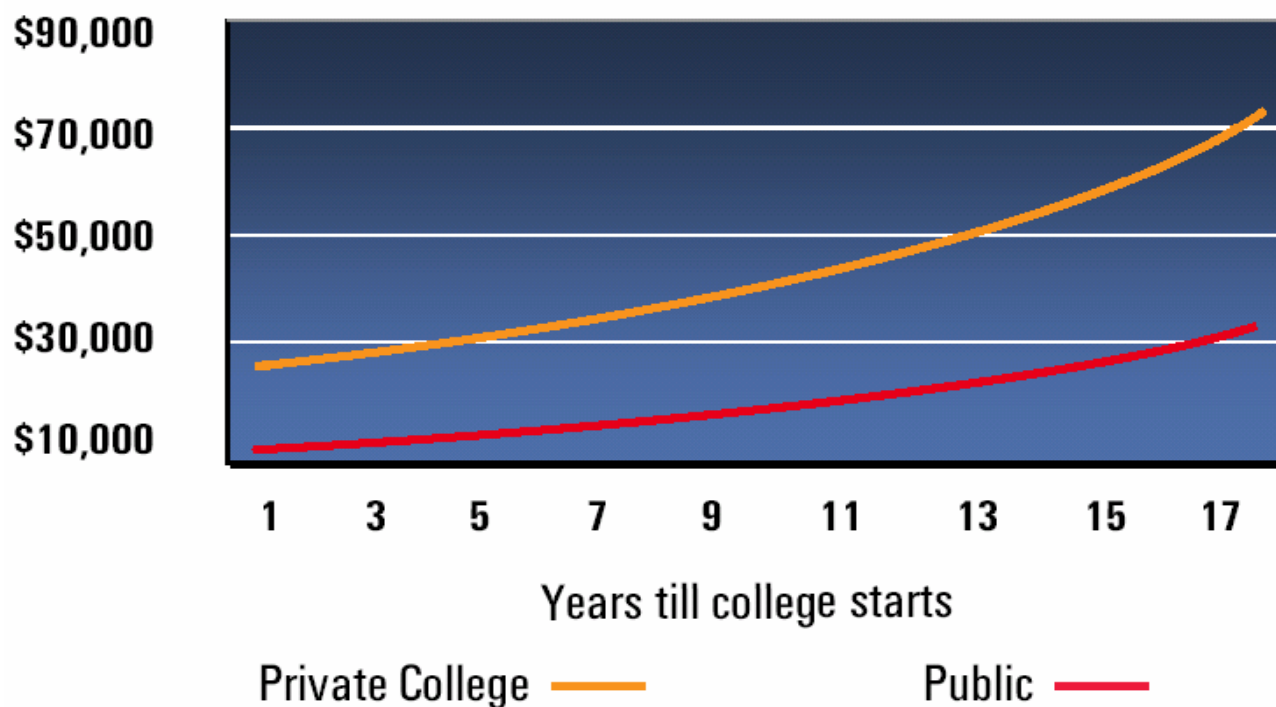


Today's Agenda

- The cost of attending college
- MOST – Missouri's 529 College Savings Program
- Additional college savings through MOST Matching Grant Program, Ugift® and Upromise®
- Important considerations
- To learn more...

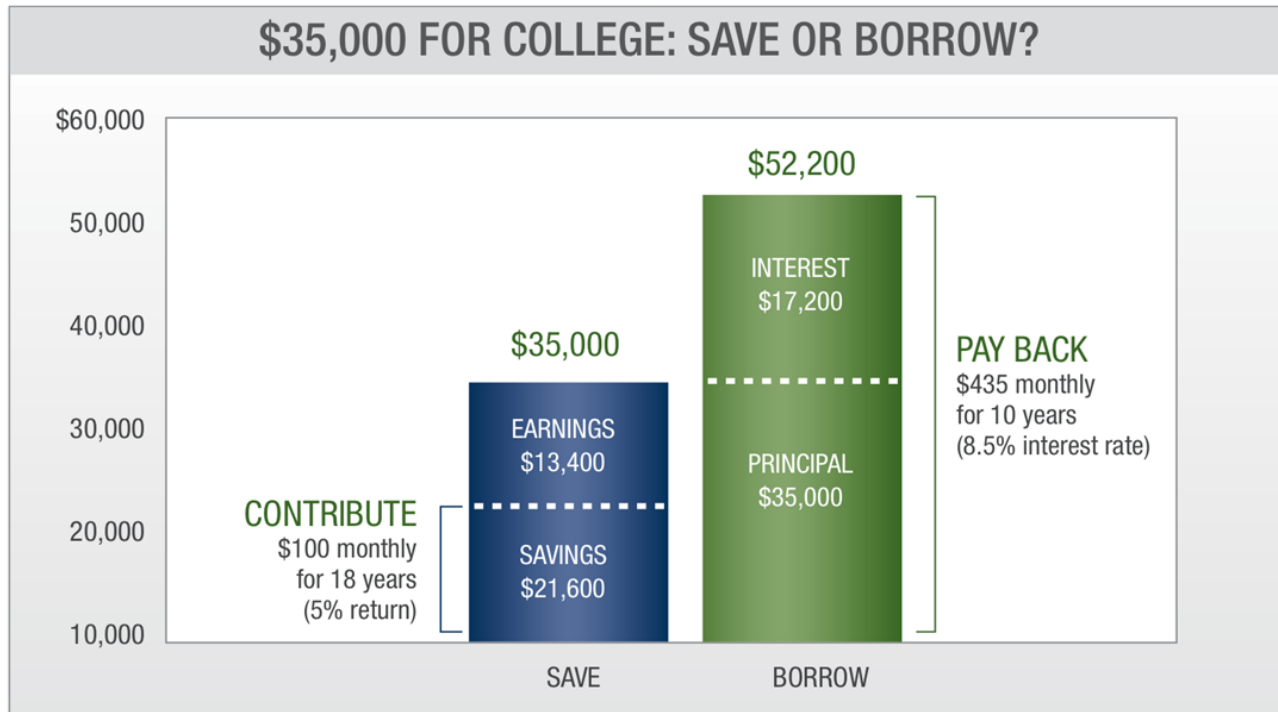
The Cost of College may be Rising...

Cost of One Year at College *
(6% increases)



*Note: Estimated costs are Vanguard's projections in future dollars based on data for the 2009-2010 academic year provided by the College Board.

Save or Borrow



This hypothetical example is for illustrative purposes only and assumes no withdrawals made during the period shown. It does not represent an actual investment in any particular 529 plan and does not reflect the effect of fees and expenses or any taxes payable upon withdrawal. Your actual investment return may be higher or lower than that shown. The loan repayment terms are also hypothetical. Loan rates and monthly payments may be higher or lower than those shown.

Did You Know?

- Most students receive some form of financial aid – either grants, scholarships, work-study or student loans.
- In 2011-12, more than \$236.7 billion in financial aid was awarded to undergraduate students. The average amount of aid for a full-time undergraduate student was about \$13,218, including more than \$6,932 in grants that don't have to be repaid. †
- There are more ways than ever to save for college and more federal and state tax benefits for doing so.
- Congress has enabled states to create savings plans under Section 529 of the Internal Revenue Code. Each state can develop its own unique 529 plan
- Assets in 529 college savings plans grew from \$2.4 billion in 1996 to \$17.6 billion in 2001 and \$178.8 billion through June of 2012. †

† The College Board, *Trends in Student Aid 2012*.

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A Strategic Partnership for Missouri

MOST 529 and State Treasurer Clint Zweifel



Program Management

By:

Upromise Investments, Inc.



Investment Management

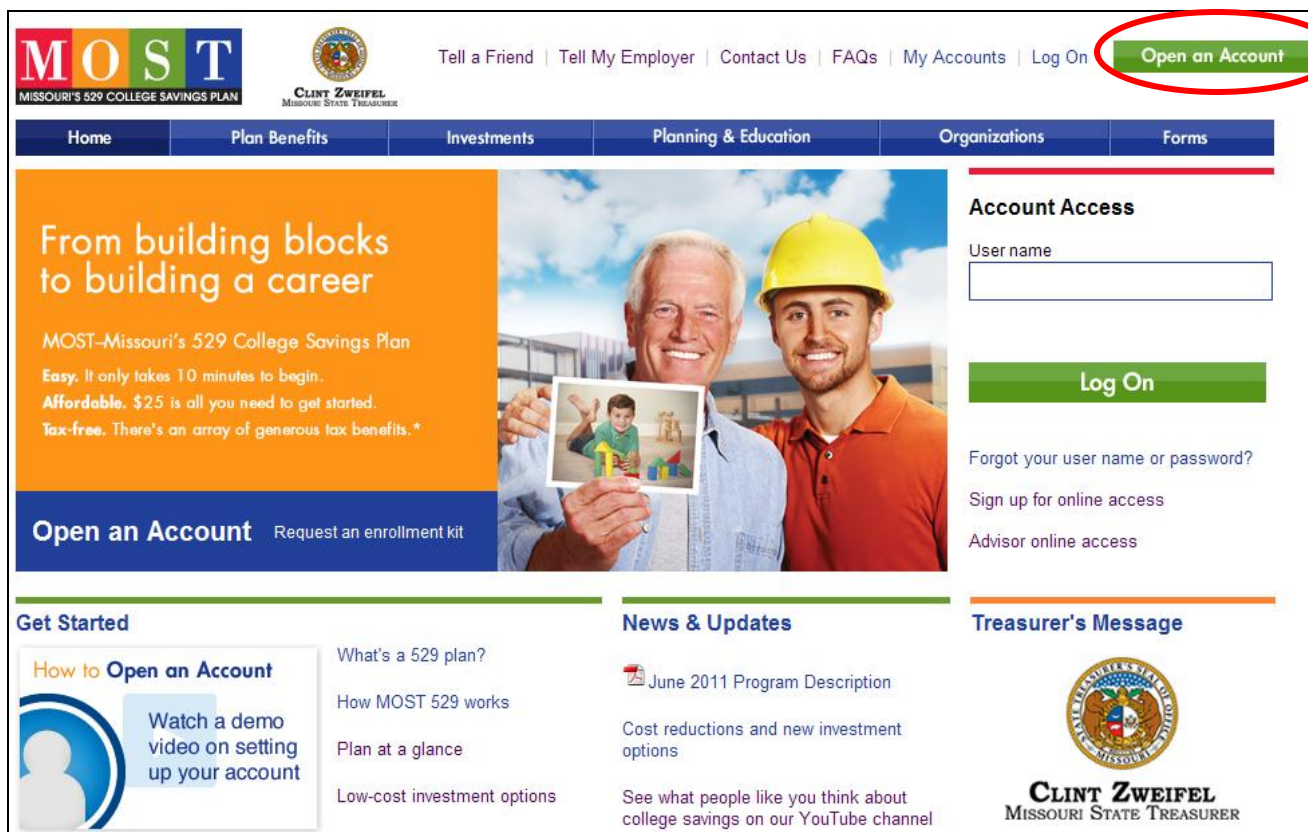
By:

Vanguard



Easy Enrollment

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MISSOURI'S 529 COLLEGE SAVINGS PLAN

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From building blocks to building a career

MOST-Missouri's 529 College Savings Plan
Easy. It only takes 10 minutes to begin.
Affordable. \$25 is all you need to get started.
Tax-free. There's an array of generous tax benefits.*

Open an Account Request an enrollment kit

Account Access

User name

Log On

Forgot your user name or password?
Sign up for online access
Advisor online access

Get Started

How to Open an Account

Watch a demo video on setting up your account

What's a 529 plan?
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June 2011 Program Description
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See what people like you think about college savings on our YouTube channel

Treasurer's Message

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Getting Started

Setting up your MOST—Missouri's 529 College Savings Plan Account

Please have this information ready before you start...



About you: Address, birth date, Social Security number*



About your investments (how your contributions will be invested):

To learn more, see the [Program Description](#)



About your successor (optional—the adult who'll be in charge of the account in the event of your death or inability to continue as the account owner): Birth date



About your bank (if you're going to have contributions taken from a checking or savings account): The account number for your account, routing number for your bank and/or a blank check



About your beneficiary (the person for whom you're saving): Birth date, Social Security number*

If you are opening an UGMA/UTMA account use this [form](#).

*We are required by federal law to obtain, verify, and record information that identifies each person who opens an account. If you don't provide the requested information, we may not be able to open your account. If we are unable to verify your identity, the Plan reserves the right to close your account or take other steps we deem reasonable.

New Account Owners

To open a new account, fill in the information below and click **continue**.

First Name

Last Name

Email

Primary Telephone - -

continue

Existing Account Owners

To open additional accounts, sign in then select "Open a New 529 Account". To make it easier we'll prefill your information on the new application.

Username

[I Forgot My User Name](#)

[I Forgot My Password](#)

continue

Saving for College Made Easy



- Begin with as little as \$25 (\$15 with payroll deduction)
- Anyone - parent, grandparent, or friend - can contribute
- Change your beneficiary at any time
- You control how your account is managed

If you are a U.S. citizen or a resident alien with a permanent U.S. address that is not a PO Box and Social Security number or Taxpayer Identification Number, you are eligible to participate regardless of your income.

Simple Payroll Process

New Account Holders:

- Employee submits signed Payroll Direct Deposit form to payroll.
- Payroll transmits funds by ACH or by check with participating employee information.

Contribution Change:

- Employee provides change instructions to MOST and receives a new Payroll Direct Deposit form.
- Employee submits newly signed Payroll Direct Deposit form to payroll.



Save on State and Federal Income Taxes

Missouri State Tax Deduction*

\$8,000 for Single Filers

\$16,000 Married Filing Jointly

State and Federal

Earnings are 100% exempt
when used to pay for qualified
higher education expenses.



*Contributions to the Plan in a tax year are deductible from Missouri state income tax up to certain limits, but may be subject to recapture in subsequent years if you make a nonqualified withdrawal.

Tax-free Qualified Withdrawals for Higher Education

Tax-free Qualified Withdrawals for Higher Education*

- Withdrawals used for qualified higher education expenses are free from federal and Missouri state income taxes
- Withdrawals for tuition, fees, certain room and board, and required books and supplies
- Any qualifying post-secondary institution in the U.S. and abroad, including public and private colleges and universities, 2- and 4-year programs, graduate program and vocational schools

* Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Federal and State Tax Considerations

Non-Qualified Withdrawals Subject to Federal and State Taxes

- Subject to federal and state income tax on earnings, plus a 10% federal penalty tax on earnings
- Any portion attributable to contributions for which a Missouri state tax deduction was previously claimed will be subject to Missouri state income tax
- Rollovers to another state's 529 plan are considered non-qualified withdrawals for state income tax purposes

Withdrawals Due to Death, Disability or Scholarship

- Subject to federal income tax on earnings, but not the 10% federal penalty tax

Financial Aid and Other Considerations

State and Federal Financial Aid Consideration

- Since 529 plan assets are generally treated as belonging to the account owner, not the student, they have less of an impact on federal financial aid eligibility than many other types of college savings methods.

*If the account owner is a dependent student, 529 assets are considered parental assets. If the account owner is an independent student, 529 assets are considered assets of the student and may have a larger impact.**

Hope and Lifetime Learning Credit Eligibility

- Qualified withdrawal will not impact eligibility for the Hope Scholarship or Lifetime Learning tax credits, provided that the withdrawal is not used for the same expenses for which the credit was claimed



Special Gift, Estate, and Generation Skipping Transfer Tax Considerations

- Contributions are considered completed gifts and are generally removed from the account owner's estate
- Can contribute up to \$70,000 in a single year (\$140,000 for married couples filing jointly without federal gift, tax consequences, provided no more gifts are made to the beneficiary for five years. **

*For complete information about financial aid eligibility, consult with a financial aid professional and/or the state or educational institution offering a particular financial aid program, since regulations often change.

**In the event the donor does not survive the five year period, a pro-rated amount will revert back to the donor's taxable estate.

Tools and Resources at your fingertips



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[Investing Basics](#)

[How to Choose Investments](#)

[Resources for College Savers](#)

[529 Insights](#)

Planning & education

[Investing Basics](#)


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[Resources for College Savers](#)

[529 Insights](#)

Account Access

[Log On](#)

**Questions?**

Contact MOST at 888-414-6678 on business days from 7 a.m. to 8 p.m., Central time.

How much should you save?

Take advantage of the additional [college planning tools](#) at [vanguard.com](#) that will help you figure out how much to save for college, whether to convert an UGMA/UTMA to a 529 plan, calculate your Missouri state income tax deduction, and more.*

*Contributions to the plan in a tax year are deductible from Missouri state income tax up to certain limits, but may be subject to recapture in subsequent years if you make a nonqualified withdrawal. For additional information, consult a tax advisor.

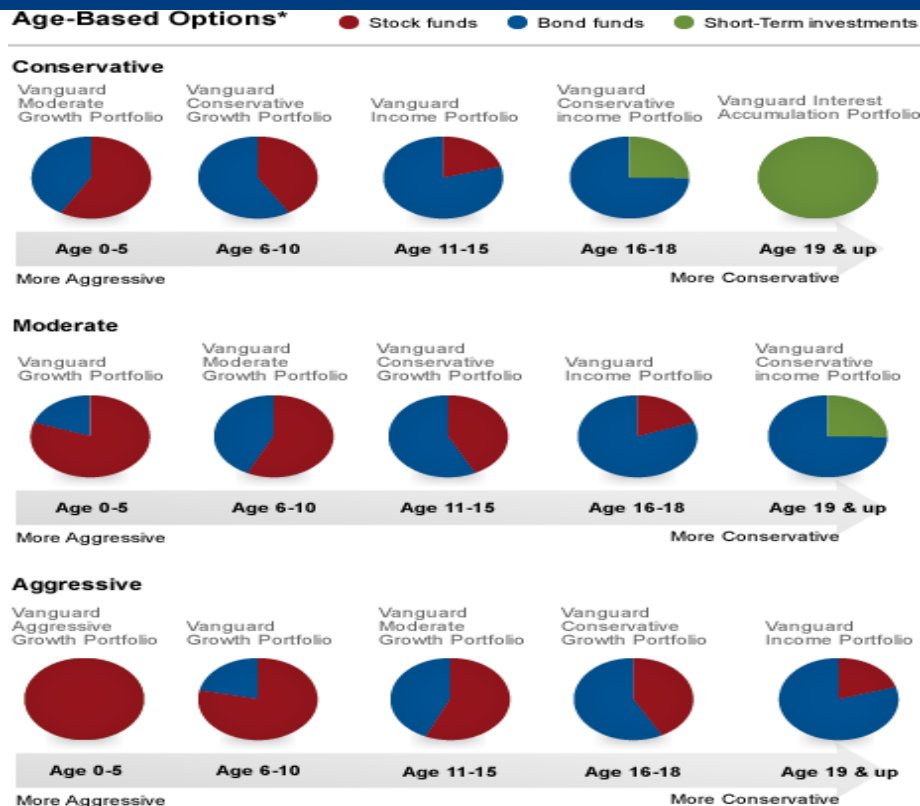
Trusted Investment Expertise



www.vanguard.com

3 Age-Based Vanguard Investment Options

- Conservative, moderate, and aggressive options
- Contributions are invested according to your risk tolerance and the age of your beneficiary
- As your beneficiary ages, your assets are automatically shifted to more conservative investments to seek to protect your capital



Investment returns are not guaranteed, and you could lose money by investing in the Plan. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Investments in bonds are subject to interest rate, credit, and inflation risk. Portfolios with higher allocations of bonds and short-term investments tend to be less volatile than those with higher stock allocations. Less volatile portfolios generally may not decline in value as much when markets decline, but also may not appreciate in value as much when markets go up.

7 Individual Stock Portfolio Options

6 Single-Fund Stock Portfolios (100% stock funds)

- Vanguard Windsor II Portfolio
- Vanguard Explorer Portfolio
- Vanguard International Growth Portfolio
- Vanguard Morgan Growth Portfolio
- Vanguard Total Stock Market Index Portfolio
- Vanguard Total International Stock Index Portfolio

1 Multi-Fund Stock Portfolio (100% stock funds)

- Vanguard Aggressive Growth Portfolio

Unlike the age-based options, your allocation among individual portfolios will remain fixed until you instruct the Plan to change your options

7 Balanced and Short-Term Investment Portfolios

4 Multi-Fund Balanced Portfolios (mix of stock and bond funds)

- Vanguard Growth Portfolio
- Vanguard Moderate Growth Portfolio
- Vanguard Conservative Growth Portfolio
- Vanguard Income Portfolio

3 Bond and Short-Term Investment Portfolios


- Vanguard Total Bond Market Index Portfolio
- Vanguard Conservative Income Portfolio
- Vanguard Interest Accumulation Portfolio

The individual options allow you to be more aggressive or more conservative than the age-based options allow

Additional college Savings

- The goal of attending college
- MOST – Missouri's 529 College Savings Program
- **Additional college savings through MOST Matching Grant Program, Ugift® and Upromise®**
- Important considerations
- To learn more...

Jumpstart your savings - MOST Matching Grants



The screenshot shows the MOST website interface. At the top, the MOST logo is on the left, and navigation links (Tell a Friend, Tell My Employer, Contact Us, FAQs, My Accounts, Log On) and an 'Open an Account' button are on the right. Below this is a horizontal menu with 'Home', 'Plan Benefits' (circled in red), 'Investments', 'Planning & Education', 'Organizations', and 'Forms'. On the left sidebar, there are links for 'Tax Benefits', 'Withdrawals', and 'Matching Grant' (highlighted with a blue background). The main content area is titled 'Matching Grants' and contains an orange box with a message about the 2013 application period. Below this, there is a section titled 'Jumpstart your higher education savings with the MOST Matching Grant Program*' followed by a paragraph and a 'How do I qualify?' section with a bulleted list of requirements.

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Home | **Plan Benefits** | Investments | Planning & Education | Organizations | Forms

Tax Benefits
Withdrawals
Matching Grant

Matching Grants

Thank you for your interest in the MOST 529 Matching Grant Program. The 2013 application period will run from June 1 - June 30. More details about this year's program will be available soon.

Account Access
[Log On](#)

Questions?
Contact MOST at 888-414-6678 on business days from 7 a.m. to 8 p.m., Central time.

Jumpstart your higher education savings with the MOST Matching Grant Program*

To help Missouri families save money for their higher-education goals, the State of Missouri and MOST-Missouri's 529 College Savings Plan have partnered to start a matching grant program. There may be extra college savings waiting for you.

How do I qualify?

- Applicant must be a parent or legal guardian of the beneficiary.
- Both you and the beneficiary must be Missouri residents.
- You must be the account owner of a MOST 529 Plan account.
- The beneficiary must be 13 or younger (when you are first approved for the matching grant).
- Your household Missouri adjusted gross income must be \$74,999 or less (see chart below).

Celebrate a child's milestones with Ugift

- Celebrating a birthday, holiday, religious celebration, or graduation?
- Once an account owner, send out an electronic invitation, invite family and friends to make a contribution in lieu of traditional gifts.
- \$25 minimum for gift contributions.
- An electronic "Thank you" will be automatically sent to those who include an email address.
- As the account owner you can track contributions made.

Learn more at
www.missouricollegesavings.com.



Add money to your 529 Plan with Upromise®

Upromise is an optional service that can add money to your 529 plan

- Over 10 million members nationwide
- 70,000+ retail stores, restaurants, and service locations
- 800+ online retail and travel web sites
- Now get 5% back, everyday

It's easy to get started

1. Join Upromise for free at www.upromise.com/missouri.
2. Link your MOST 529 account to your Upromise account on the Upromise web site
3. Earn money back for college when you buy gas, eat out, shop online, buy groceries, book travel and much more
4. Automatically the money in your Upromise account will be transferred quarterly to your 529 Plan (subject to a \$25 minimum transfer amount)



Helping families save more money for college

Dining Program



With the Upromise Dining Program, you can earn up to 8% cash back at thousands of participating restaurants.

In the Upromise Dining Program, there are four Dining Status levels, each with a different cash back earning rate. You begin every calendar year at Bronze Status and can work your way up to Platinum as your dining purchases add up.



How it works:

- Register your credit/debit cards to your Upromise account – it only takes a moment!
- Dine at a participating restaurant when cash back is awarded – our site will help you choose from thousands of restaurants nationwide, from family-friendly to fine dining.
- Pay with a registered card. You'll earn on your entire bill – meals, drinks, tax, and tip!

Summary

- Begin with as little as \$25 (\$15 with payroll deduction)
 - Significant federal and state tax advantages
 - Convenient online account opening and account management
 - Low fees, low minimum contribution amounts and high contribution limit amount
 - Professional investment management by The Vanguard Group
 - Additional college savings through Ugift and Upromise®
-

Available Online Resources

The screenshot shows the homepage of the MOST Missouri's 529 College Savings Plan website. At the top, there is a navigation bar with links: Tell a Friend, Tell My Employer, Contact Us, FAQs, My Accounts, Log On, and Open an Account. Below this is a secondary navigation bar with tabs: Home, Plan Benefits, Investments, Planning & Education, Organizations, and Forms. The 'Organizations' tab is selected and highlighted with a red circle. A dropdown menu is visible under 'Organizations' with the following options: Community, Employer, Seminars and Events, and Tell My Employer. The main content area features a large orange banner on the left with the text 'From pre-school to pre-med' and 'MOST-Missouri's 529 College Savings Plan'. To the right of the banner is a photo of a young woman in a white lab coat holding a stethoscope, with an older man standing behind her holding a photo of a child. Below the banner is a blue button labeled 'Open an Account' and a link 'Request an enrollment kit'. To the right of the photo is a green 'Log On' button and links for 'Forgot your user name or password?', 'Sign up for online access', and 'Advisor online access'. At the bottom, there are three sections: 'Get Started' with a 'How to Open an Account' video link, 'News & Updates' with a 'June 2011 Program Description' link, and 'Treasurer's Message' with the Missouri State Treasurer's seal and name, Clint Zweifel.

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Community
Employer
Seminars and Events
Tell My Employer

From pre-school to pre-med

MOST-Missouri's 529 College Savings Plan

Easy. It only takes 10 minutes to begin.
Affordable. \$25 is all you need to get started.
Tax-free. There's an array of generous tax benefits.*

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Log On

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[How to Open an Account](#)

Watch a demo video on setting up your account

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[June 2011 Program Description](#)

Cost reductions and new investment options

See what people like you think about college savings on our YouTube channel

Treasurer's Message

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Available Online Resources *(cont)*

- www.529.com
- www.savingforcollege.com
- www.finaid.org
- www.collegesavings.org
- www.collegeboard.org

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-

No Guarantee and Other Important Plan Disclosures

If you are not a Missouri taxpayer, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

The Missouri Higher Education Savings Program (the "Program Trust") is a trust created by the State of Missouri. When you invest in MOST—Missouri's 529 College Savings Plan (the "Plan"), you are purchasing portfolio units issued by the Program Trust. Portfolio units are municipal securities. The Plan has been implemented and is administered by the Missouri Higher Education Savings Program Board (the "Board"). Upromise Investments, Inc., and Upromise Investment Advisors, LLC, serve as the Program Manager and Recordkeeping and Servicing Agent, respectively, with overall responsibility for the day-to-day operations. The Vanguard Group, Inc serves as Investment Manager for the Plan. Vanguard Marketing Corporation, an affiliate of The Vanguard Group, Inc., markets and distributes the Plan. The Plan's portfolios, although they invest in mutual funds, are not mutual funds.

No guarantee: Investment returns are not guaranteed, and you could lose money by investing in the Plan. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

No Guarantee and Other Important Plan Disclosures *(cont)*

The Upromise service is an optional service offered by Upromise, Inc. and is separate from MOST – Missouri's 529 College Savings Plan. Specific terms and conditions apply. Participating companies contribution levels, terms and conditions subject to change without notice.

Upromise, the Upromise logo, and Ugift are registered service marks of Upromise, Inc.

Vanguard, The Vanguard Group and the ship logo are trademarks of The Vanguard Group, Inc.

MOST and the MOST logo are registered trademarks of the State of Missouri. All other marks are the exclusive property of their respective owners. Used with permission.

For additional information

For more information about MOST—Missouri's 529 College Savings Plan, call 1-800-868-3585 or visit www.missouricollegesavngs.com to obtain a Program Description, Privacy Policy, and Participation Agreement. Investment objectives, risks, charges, expenses, and other important information are included in this document; read and consider it carefully before investing. Vanguard Marketing Corporation, Distributor and Underwriter.

Employers with technical payroll contribution questions call 888-601-5100 on business days from 7 a.m. to 5 p.m. Central time.

Your Institutional Relationship Manager can assist with benefit fairs, special events, presentations, and MOST brochures.
